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NIE 11-9-64
19 February 1964

CIA HISTORICAL REVIEW PROGRAM
RELEASE IN FULL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 11-9-64

Soviet Foreign Policy

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE
Concurred in by the
UNITED STATES INTELLIGENCE BOARD
As indicated overleaf
19 FEBRUARY 1964

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Nº 369

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SOVIET FOREIGN POLICY

THE PROBLEM

To estimate developments in Soviet foreign policy over the next year or so.

CONCLUSIONS

A. An accumulation of serious internal and external problems led the Soviets by mid-1963 to make the shift in their foreign policy course signaled by the test ban treaty. The Cuban missile crisis, by its dramatic demonstration of the unfavorable relations of power, had forced a reappraisal of risks and opportunities for advance against the West. Internal economic difficulties were mounting and were sharpened by the burden of the arms race. The increasingly strident Chinese challenge to the Soviet leadership also stimulated the search for a new approach. (*Paras. 1-9*)

B. We believe that Khrushchev considers the present period inauspicious for direct pressures against the West and has adopted the relaxation of tensions as the main theme of his policy. He will probably avoid inflaming such sensitive issues as Berlin, or any others which carry the risk of direct confrontation with the US. He probably hopes that in an improved international climate he can hold down defense costs, gain time to concentrate on internal and bloc problems, and encourage the West to grant the credits he needs. At the same time, he expects this line to aggravate Western differences, which tend to emerge more strongly when the Soviet threat appears to fade. To sustain the improved climate, the Soviets are likely to complete current negotiations for certain bilateral agreements with the US and seek limited understandings on disarmament and other matters. (*Paras. 14-15, 17-18, 24-25, 27-29*)

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C. Nevertheless, the Soviets do not intend to curb their anti-Western policies in the underdeveloped world or to forego opportunities which might appear there. In fact, Khrushchev expects the relaxation of East-West tensions to increase the number of unstable situations which the Soviet can exploit. The Soviet interest in doing so is reinforced by competition with Communist China for leadership of the "national liberation struggle." In addition, it is always possible that developments not initiated by the Soviets will require a demonstration of "firmness" on their part. Cuba is a prime example of this kind of contingency; Castro is in a position to embroil the USSR in serious situations with the US which would call for the Soviets to provide strong support for Cuba, although they will clearly wish to avoid another confrontation like that of 1962. (*Paras. 16, 19, 20-21, 29-31*)

D. The Soviets probably intend to follow their present policies for some time. Khrushchev with his customary optimism, however, almost certainly looks forward to the time when, having coped with his current problems, he can return to a more offensive course. In our view the factors which led to the adoption of present Soviet policies are not transitory; there is a good chance that Khrushchev underestimates his present difficulties and that these policies will tend to be stretched out beyond the relatively short period of this estimate. This does not mean that the present improvement in the international atmosphere is likely to evolve over a longer time into a more serious search for basic settlements with the West. More fundamental changes in the Soviet outlook than any now in prospect would be needed before the Soviets could bring themselves to such a course. (*Para. 23*)

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DISCUSSION

1. In our last NIE on Soviet foreign policy,¹ we viewed the Soviet leaders as caught up by indecision, hesitating in the face of the stark realities brought home by their failure in the Cuban missile crisis. This crisis had demonstrated not only the new dimensions of US power but also US skill and determination in wielding it. In the aftermath, the Soviet leaders were still confronted by the very problems which their Cuban missile venture had been intended to solve. The overall balance of power between East and West remained unfavorable. The economic strains of the arms competition loomed as costly as ever. The Chinese challenge to Soviet authority was growing in breadth and depth.

2. By mid-1963 it became apparent that a new overall approach to these various problems had been reached, at least in principle. In the economic sphere, short-term plans for 1964-1965 were to be revised in order to shift sizeable amounts of resources to the chemical industry. Consistent with this new turn of economic policy was a shift in East-West tactics, manifested in Khrushchev's concessions to the Western position on the limited test ban. Almost simultaneously, the Soviets confronted the Chinese with a strong counterattack. The net result of these new moves was a notable relaxation of East-West tensions, some limited accords between East and West, and a significant widening of the gap between the USSR and China.

I. FACTORS AFFECTING THE SOVIET OUTLOOK

3. The considerations which led to this tactical turning of mid-1963 were, we believe, quite fundamental in character. They flowed from an accumulation of problems, partly inherent in the development of the USSR and the Bloc, and partly the specific byproduct of the generally offensive line of policy Khrushchev had pursued since he opened the Berlin crisis in 1958. These considerations are not merely transitory and will almost certainly continue to influence the Soviet policy outlook for some time.

4. *The Strategic Balance.* The course on which Soviet policy launched in 1957-1958 was built on the expectation that the USSR, for the first time in the post-war struggle, was about to acquire a major advantage in strategic weapons. Khrushchev was evidently persuaded by this prospect to believe that the West could be forced into concessions. The intervening five years have demonstrated, however, not only that the US was capable of resisting this challenge, but also that in the field of strategic weapons it could outpace the USSR. The Soviets found that

¹ NIE 11-63, "Main Trends in Soviet Foreign Policy," dated 22 May 1963.

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the heavy cost of the intensified arms race was incompatible with Khrushchev's commitment both to a high growth rate to overtake the US economy and to a more rapid improvement in Soviet living conditions. By 1962, US military and intelligence programs led to a situation in which both sides, and indeed much of world opinion, understood that the strategic advantage did not lie with the USSR, even though the ability of the USSR to damage the US was increasing. The Cuban missile venture was an attempt to achieve a quick and relatively inexpensive advance in both the substance and the image of Soviet power. Its failure has left the Soviets little choice but to find ways to contain the arms race and reduce its burden on the Soviet economy.

5. *Economic Policy.* To a major degree, the present more moderate general line adopted by Khrushchev reflects the strains in the Soviet economy. Economic strength is only one ingredient in the balance of power, but Khrushchev has made it a key area of competition in his peaceful coexistence strategy. As the Soviet leaders contrast their own economic difficulties and the economic malaise in much of Eastern Europe with the vitality of Western Europe and the upturn in American economic growth rates, they have little reason for optimism. Because of the nature of these economic problems, they were bound to encroach on Soviet foreign relations.

6. The Soviets have adopted a new economic course which requires a major shift of resources; their aims are to stimulate agriculture, modernize industry, and revive the rate of economic growth. Moreover, the magnitude of the new investment effort for the chemical industry bears directly on Soviet relations with the West. The Soviets cannot provide the equipment needed for their chemical program without extensive purchases abroad; their hard currency deficits and the decline of their gold reserves oblige them to seek long-term credits for the necessary equipment. An effort to stimulate Western competition for orders from the USSR on long-term credit is already under way. There are signs that preliminary understandings have been reached with the British and Italians. The Soviets almost certainly hope that one important breakthrough in the Western front will cause the other advanced industrial countries to fall into line.

7. Even a sharp increase in imports from the West, however, would not deal with a principal cause of Soviet difficulties—the heavy burden of military spending. We have estimated that the Soviets will make every effort to hold down rising military costs;² the announced reduction of the defense budget, though modest, symbolizes the direction Khrushchev proposes to follow, and some force reductions are apparently intended. Progress along this line of economies in the defense

² SNIE 11-5-64, "Soviet Economic Problems and Outlook," dated 8 January 1964.

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establishment, however, depends greatly on a proper international climate. Khrushchev's hopes to support his civilian investment program through Western credits and through savings from defense argue for some degree of restraint in his relations with the West.

8. *The Problem of China.* As they survey their international position, the Soviets are confronted by a third long-term problem. The vicious exploitation of the Cuban missile crisis by the Chinese deepened the Sino-Soviet dispute, and their subsequent attacks expanded to almost every facet of Soviet foreign and domestic policy. In counterattacking, the Soviets sought to use the test ban as an issue on which to isolate China in world and even Communist opinion. This, however, proved illusory; trade and other contacts between China and Western Europe have increased in recent months, and Peiping's influence in the Communist world has, if anything, grown. The Soviets considered convening an international Communist conference to condemn China, but abandoned the idea, at least temporarily on learning that several key parties had grave reservations about such action.

9. The Soviet leaders appear now to have concluded that they will be locked in a severe struggle with China for a protracted period. They have evidently decided to pursue their own interests regardless of inevitable Chinese criticism, and despite the cost of further deterioration in Sino-Soviet relations and consequent fracturing of the international movement. The test ban treaty was an important manifestation that, on certain issues, the Soviets view their interests as paralleling those of the West rather than those of their Communist ally. Indeed, the Soviets are also prepared to use other issues as weapons against China, for example an agreement against dissemination of nuclear weapons and techniques, or an international pact for peaceful resolution of territorial disputes.

10. Soviet policy is complicated, however, by the competition with China in the underdeveloped areas. The Soviets cannot afford to appear less interested than China in militant struggle and must therefore present their policies in a revolutionary and anti-Western context. At the same time, the Soviets cannot afford to let this aspect of their policy damage their relations with existing regimes. In some instances, the pressure of Chinese competition may cause the Soviets to act more rapidly and vigorously than they might otherwise do. On some occasions, the Soviets may also resort to sharper tactics to undercut the Chinese, but we doubt that the Chinese factor alone would persuade the Soviets to take greater risks than otherwise seemed warranted. In general, the Chinese attempt to compete with the Soviets in exploiting opportunities in the underdeveloped areas imposes some limits on Soviet efforts to improve relations with the West.

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11. *Eastern Europe.* The weakening of Soviet authority in Eastern Europe, which has been apparent for some time, has been greatly stimulated by the Sino-Soviet conflict. The Rumanians, for example, have successfully used the dispute as one lever in their own controversy with the Soviets. The trend is clearly for the East European regimes to look more to their own interests, although none has yet done this so forthrightly as the Rumanians. The Soviets will encounter increasingly difficult problems in Eastern Europe and the cohesiveness of the Soviet Bloc will suffer. Some regimes might balk at an increase in tensions which would damage their own economic dealings with the West. They might regard Cuba as more of a burden than an asset, or regard the struggle in the underdeveloped areas as a secondary issue. Some, like the Poles and East Germans, show nervousness over Soviet attitudes on certain arms control measures. The Soviets have already found it difficult to subordinate the Eastern European economies to the USSR, and the chances of organizing CEMA as a solid front against the Common Market have dwindled.

12. One important consequence of these developing trends is their impact on East Germany's position in Eastern Europe. If the other regimes proceed, however haltingly, toward a liberalization of controls, a greater degree of autonomy from Moscow, and an increase in Western contacts, East Germany will come under great pressures to follow suit. Failure to keep in step with the other regimes risks isolation and possibly similar pressures within the country as well. Moreover, in the Soviet view, if the East German regime could gain in acceptability and increase contacts and exchanges without serious internal troubles, it would become a much more suitable instrument of Soviet policy in Germany. At some point the increase of normal contacts might even make the East German proposal for confederation seem more plausible. However, the process of liberalization in East Germany is an extremely delicate one which could lead to serious instability, and the Soviets would not feel free to push it very far or fast.

13. *Internal Soviet Politics.* Khrushchev's internal position is now probably stronger and his freedom of action apparently greater than a year ago. In the first months of 1963, it seemed that his authority had been checked, and that he felt it necessary to modify some of his policies. His ability to reconsolidate his position was probably due in part to the illness of Frol Kozlov, who, in retrospect, seems to have been a key figure in the internal contention. The viciousness of Chinese attacks, particularly in raising the sensitive question of border adjustments with the USSR, may have also helped Khrushchev. At any rate, the question of how to deal with some of the issues under debate evidently has been settled in Khrushchev's favor. The state of Soviet agriculture, however, is a continuing liability, and problems affecting allocation of economic resources are still open. Nevertheless, we believe

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that on the whole Khrushchev's general position now seems strong enough so that internal politicking will not affect foreign policy in a major way over the next year or so.

14. *Developments in the West.* Khrushchev may also believe that he has grounds for confidence because of the signs of disunity in the Western Alliance. The Soviets probably believe the current frictions in the West, which are limited during periods of tension, will develop into more significant differences if the Soviets show a more amiable countenance. The divisions between the US and France are widening. At the same time, the Soviets see a new set of leaders in Europe and the US, and they are of course aware that further changes may be forthcoming after elections in the US and UK and next year in West Germany. The Communist parties of Western Europe have moved toward the "popular front" tactic, and the Soviets are probably encouraged to believe that important changes in the atmosphere of European politics may take place that would further undermine the solidarity of the Western Alliance.

15. The increasing strains in the Western Alliance come at a time when the Soviets are already keenly aware that a renewal of pressure tactics offers little promise for immediate gains and perhaps higher risks in the aftermath of the Cuban crisis. The current more moderate approach therefore recommends itself on grounds both of prudence and of opportunity. Even if Khrushchev expects no early success by moving along this way, he probably believes that existing differences in the West can be greatly aggravated and perhaps even a new and rewarding opening created for the USSR. Specifically, Khrushchev is likely to concentrate on the UK to break the front on Western credits and to effectively oppose the MLF. The opening to the left in Italy and the prospect of a Labor Government in Britain may persuade Khrushchev that the MLF can be checked and perhaps even that some progress can be made toward Soviet objectives in Germany. De Gaulle, however, remains a great question mark, since the Soviets are obviously pleased by the difficulties he causes in NATO but at the same time concerned that his nuclear capability should eventually become available to Germany. In any case, Khrushchev looks forward to a period in which Soviet diplomacy can operate more effectively against the unity of the Western Alliance.

16. *The Underdeveloped Areas.* The Soviets seem to have made some new assessments of their policies in these areas. In the late 1950's, the decline of Western influence in traditional areas of predominance such as the Middle East and Africa encouraged the Soviets to believe that they could not only rapidly replace the West but lay the groundwork for Communist control. By 1960-1961, however, they had run into repeated troubles. They suffered setbacks and lost influence, and their earlier

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efforts showed only limited political gains. Recent events in Latin America, Asia, and Africa, however, have probably revived their confidence that new opportunities are emerging. Moreover, it has always been their view that a relaxation of East-West tensions was not intended to curb Soviet exploitation of such opportunities. Indeed, one of the arguments that Khrushchev has made for the policy of peaceful coexistence was precisely that it would increase the number of unstable situations which the Soviets could turn to their advantage.

II. GENERAL STRATEGY

17. The basic factors which led the Soviets to seek a reduction in cold war tensions make it likely that this more moderate approach will continue for some time. Khrushchev probably considers this the most promising way to obtain economic concessions, to gain time to concentrate on internal problems, and to foster Western divisions. A serious deterioration in East-West relations would undercut internal policies, particularly any retrenchment in military spending, and would demolish the carefully built up case against the Chinese.

18. Accordingly, Soviet diplomacy will be active over a broad range of issues which hold some promise of agreement with the West. Partly in order to sustain the present atmosphere, the Soviets will probably move for completion this spring of the bilateral negotiations with the US on cultural relations, on civil aviation, and on consular matters. They probably regard the period between now and the US elections, however, as a difficult one in which to reach any important political agreements. The Soviets have already evidenced some concern over the recent change in the US leadership, and their view of US politics is greatly influenced by a belief that proponents of accommodation are in constant conflict with advocates of bellicosity. At the present time, they have a substantial propaganda and prestige investment in the proposition that new and favorable trends emerged under President Kennedy.

19. This more cautious approach applies mainly to situations over which the Soviets have firm control. To some degree it also influences their responses to new situations not of their own making. But we believe that the Soviets do not consider that the current mood of detente with the West is incompatible with a more forward and thrusting policy in the underdeveloped world; they hope this mood may even inhibit Western responses. They have lately involved themselves in developments in Cyprus and East Africa while at the same time soliciting credits in London. In the underdeveloped world generally the Soviets will continue to exploit trouble spots against Western interests, and to build up their own positions of influence. Nevertheless, in exploiting such situations, we believe that the Soviets will seek to avoid direct confrontations with the Western powers.

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20. *Cuba.* Such contradictory tendencies in Soviet policy are notably apparent in Cuba. Over the past year the Soviets have worked to defuse the Cuban situation by withdrawing Soviet troop contingents. They have also urged Castro to take up a more conciliatory attitude and have paid for this by enlarging their economic support. They appear prepared to take the risk of turning over the SAM system to Castro, in the expectation that it will not provoke a serious crisis with the US. However, much of their calculation has rested on Khrushchev's estimate of the late President's intentions and personal statements and the Soviets are probably now concerned that the US may bring new pressures on Castro's regime.

21. The hope of placing some inhibition on US actions against Castro gives the Soviets another strong reason for keeping down East-West tensions. We think that Khrushchev will make an effort to restrain Castro from direct clashes with the US. But the Soviets will be under intermittent pressure from Castro to adopt a more active policy in supporting and exploiting revolutionary situations in Latin America, particularly in view of new tensions in the Caribbean. Castro is in a position to embroil the Soviets with the US, and Khrushchev would find it extremely embarrassing to abandon Cuba. A sharp crisis, therefore, would create a serious dilemma for Khrushchev. We believe that in this event the Soviets would feel obliged to sacrifice improved relations with the US in order to provide support for Castro, although they would not go so far as to renew the kind of confrontation produced by the 1962 missile crisis.

22. *The Succession.* Another key uncertainty surrounding future Soviet policy stems from the succession to Khrushchev. Even in the Soviet system, the style, skill and conceptions of the top leaders play a major role in the determination of choices and in the effectiveness with which policies are prosecuted. The Soviet party appears to be little better equipped to designate a clear successor than when Stalin died, and another power struggle is likely. We know little of the individual policy views of the potential successors, and it would not be unreasonable to assume that they diverge from Khrushchev in some respects. It is possible that a succession struggle could begin to affect the conduct of policy even before Khrushchev's departure, should he become incapacitated or his mental and physical powers deteriorate.³

23. *The Longer Run.* A longer term estimate is more difficult and uncertain, not only because of the succession question but also because of the way the Soviet leaders are likely to view the factors conditioning their policies. There is some evidence that they regard the present as a transitional period during which the struggle with the West is being

³ For a more detailed discussion of the succession question see NIE 11-63, "Main Trends in Soviet Foreign Policy," 22 May 1963. SECRET (Paras. 42-47)

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carried forward mainly by the internal strengthening of the USSR. Khrushchev has repeatedly stressed over the past year that economic problems now take priority over political affairs, and most recently Soviet spokesmen have suggested that the USSR's present position is analogous to the 1920's when Lenin introduced his New Economic Policy. It is doubtful, therefore, that the Soviet leaders regard their setbacks as more than temporary. It would be quite characteristic of Khrushchev to be optimistic and assume that he can solve his problems relatively soon and then return to the political offensive. Even if the USSR continues to be plagued by significant sources of economic weakness and an erosion of its authority in the international Communist movement, Khrushchev is likely to rationalize these trends and only defer his expectations of regaining the momentum of the late 1950's. Largely because of this attitude, the Soviet leaders probably will not feel under any pressure to seek a major accommodation with the West, with all the great concessions this would entail. We think that it is possible, however, that the present tactical phase will be stretched out beyond the period which Khrushchev probably envisages.

III. TACTICS IN THE NEAR TERM

24. *Disarmament.* As a result of the test ban, we think the chances for further limited agreements have improved. Economic pressures alone are a strong incentive for Khrushchev to take further steps to stabilize the arms race. The revival of partial measures rather than emphasis on general disarmament signifies a more realistic approach. However, the program outlined by Khrushchev in the past months concentrates on agreements of symbolic political significance without offering important concessions on basic issues. The Soviets probably do not see much chance for any very broad or significant agreements in the near term, not only because of the US elections but mainly because most of their own proposals still lead back to the German question or cut across NATO's military planning, including programs for nuclear sharing.

25. Regardless of the progress made toward formal agreements, a new approach has been gaining ground in Soviet pronouncements, illustrated by Khrushchev's statement on "a policy of mutual example in the curtailment of the arms race." Under this formula, the Soviets apparently hope that overt steps by one side will ease the way for corresponding steps by the other. This approach has the obvious advantages of maintaining control over the pace and scope of such steps and of avoiding formal commitments and verification procedures. Moreover, the Soviets can apply this approach to areas where the US would find it politically difficult or undesirable to take reciprocal measures, especially in Central Europe.

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26. *Berlin and Germany.* Any relaxation of tensions implies, above all, a Soviet willingness to forego heavy pressures and threats to the Western position in Berlin. Currently, the Soviets have in fact not only relaxed their pressures, but have taken new steps to bring their Berlin and German policies into line with the broader effort to rely more on negotiations. Throughout last year the Soviets undertook various approaches suggesting a policy of experimentation and probing to find a new direction along which Soviet policy could work. The establishment of contacts and negotiations between West Berlin and East Germany represents the first concrete result, and probably indicates the way the Soviets hope to play the Berlin question for the near term.

27. We do not foresee a major crisis over Berlin this year. Instead, it is likely that the Soviets and East Germans will try to work for partial agreements, preferably by dealing directly with Bonn or the West Berlin authorities. They apparently now see some new opportunity to advance their aims of creating an independent political entity in West Berlin and gaining a measure of acceptance for Ulbricht's regime. Even if no specific agreements are forthcoming, the Soviets probably hope that with elections next year in West Germany, the Socialists and Christian Democrats can be encouraged to compete in taking a new and more flexible approach to Eastern policy. Soviet overtures to the new Chancellor in Bonn are also to be expected. It is also possible that the Soviets might revive direct talks with the US; if so, they will probably further modify their proposals for a nonaggression pact to provided some guarantees for West Berlin and its access.

28. Despite the new flexibility in the Soviet approach and the lessening of tensions surrounding the Berlin issue, there is as yet no evidence that the Soviets have made any fundamental changes of position. Indeed, it is doubtful that the Soviet leaders would consider that their economic difficulties or troubles with China require them to make the concessions which would be necessary for a broad German settlement. This does not preclude a temporary stabilization of the Berlin problem, though the Soviets need not enter into agreements to keep the situation quiet. As long as there is no settlement, however, incidents are inevitable, and the Soviets will not hesitate to chip away at the allied position by trying to exact small concessions as the price for continued restraint. For these reasons, it is unlikely that a more serious search for an East-West settlement in Europe will develop.

29. *The Underdeveloped Areas.* Soviet policy toward the underdeveloped countries will continue to be marked by a high degree of opportunism. The Soviets probably count on an increase in recent manifestations of tension and instability in various parts of the world, developments which though often not of Communist making are almost

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invariably unfavorable to the Western powers. They have already made it clear that the limited rapprochement with the West does not apply to the underdeveloped areas. They will not wish to forego opportunities there which the Chinese might seize upon. On the other hand, they will try to avoid the more direct and obvious forms of intervention in order not to compromise the general line of their policy toward the Western powers. They probably foresee a long period of ferment which can be turned to Soviet advantage with a minimum of involvement on their part and a low risk of direct clashes with the US.

30. A foreign aid program will continue to be a major instrument of Soviet policy for the developing countries. Economic assistance, however, has been reduced from the previous high levels of the late 1950's and stricter criteria have been applied in the choice of recipients. The limited political gains derived from this program and the psychological atmosphere created by economic difficulties at home probably contribute to a reluctance to undertake major new commitments in unproven territory. Military aid, however, which sometimes promises quicker returns, will continue to loom large in Soviet calculations, and we expect the circle of clients to expand.

31. Efforts at subversion continue, as evidenced by recent revelations of Soviet involvement in the Congo and Communist activity in East Africa. The Soviets almost certainly realize that in many of the underdeveloped states the fabric of authority is extremely thin, sometimes offering opportunities for even small Communist groups without mass backing to achieve power by sudden coups. In most cases, however, the Soviets will continue to see their objectives as better served by supporting non-Communist nationalist leaders. Thus, despite the pressures of Chinese competition, we do not foresee a general shift to a militant revolutionary policy toward the underdeveloped world.

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